

Message Text

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ACTION ARA-10

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FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6908

C O N F I D E N T I A L LIMA 7828

E.O. 11652: GDS

TAGS: EINV, EMIN, PFOR, PE

SUBJECT: MARCONA - MISCELLANEOUS DEVELOPMENTS

REF: LIMA 7719

1. COMPTON MET WITH EMBOFF SEPTEMBER 18 AND INFORMED HIM HE WOULD BE RETURNING TO U.S. THAT NIGHT SINCE NO MEETING WAS SCHEDULED WITH RUIZ ELDREDGE COMMISSION UNTIL SEPTEMBER 22. COMPTON SUBSEQUENTLY TELEPHONED FROM SAN FRANCISCO TO REPORT THAT HE WOULD RETURN TO LIMA TO ATTEND MEETING AND THAT HE HAD BEEN INFORMED BY MARCONA'S JAPANESE OFFICE THAT PERUVIAN GROUP EXPLORING SALES POSSIBILITIES IN JAPAN HAD RECEIVED COMPLETE TURNDOWN BY JAPANESE STEEL COMPANIES.

2. COMPTON ALSO INFORMED EMBOFF OF REMARKS MADE TO MARCONA'S LEGAL REPRESENTATIVE, MANUEL PABLO OLEACHEA, BY MINISTER OF HOUSING PAREDES, WHO AS PREVIOUSLY REPORTED HAS TAKEN SURPRISING INTEREST IN MARCONA CASE. PAREDES SAID THAT PRIME MINISTER VARGAS PRIETO HAS BEEN CHARGED BY PRESIDENT WITH HANDLING OF MARCONA CASE AND THAT RUIZ ELDREDGE REPORTS DIRECTLY TO HIM. (COINCIDENTALLY, AMBASSADOR IS MAKING PROTOCOL CALL ON NEW PRIME MINISTER ON SEPTEMBER 22 AND PLANS TO DISCUSS MATTER WITH HIM IN SOME DETAIL.) MINES MINISTER LA VERA REPORTEDLY HAS LITTLE TO DO WITH THE CASE. PAREDES IS ALSO REPORTED

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TO HAVE COMMENTED THAT THERE ARE FOUR "COMMUNISTS" IN

THE GOVERNMENT: RODRIGUEZ FIGUEROA (SECOND ZONE COMMANDER AND EX-HEAD OF SINAMOS), GRAHAM (HEAD OF COAP), FERNANDEZ MALDONADO (EX-MINES MINISTER AND NOW CHIEF OF STAFF), AND FOREIGN MINISTER DE LA FLOR. ANYTHING AMBASSADOR SAYS TO FOREIGN MINISTER, PAREDES ALLEGEDLY SAID, WILL BE FILTERED AND DISTORTED IN BEING RELAYED TO THE PRESIDENT. OLEACHEA ALSO SAID THAT "THE FRENCH ECONOMIST" WHO ADVISES PRESIDENT HAD TOLD HIM THAT PRESIDENT AND CABINET "HAVE FINALLY REALIZED THEY ARE BANKRUPT." OLEACHEA BELIEVES IT WOULD BE HELPFUL IF AMBASSADOR WERE TO OBTAIN MEETING WITH PRESIDENT (MEETING BETWEEN MARCONA REPRESENTATIVES AND PRESIDENT, SUPPOSEDLY SET FOR WEEK OF SEPTEMBER 7, HAS NEVER MATERIALIZED).

3. AT EMBASSY RECEPTION ON SEPTEMBER 19, AMBASSADOR AND EMBOFF SPOKE BRIEFLY WITH COMMERCE MINISTER ARIAS WHO AGREED EMPHATICALLY ON IMPORTANCE OF RESOLVING MARCONA PROBLEM AND REFERRED RUEFULLY TO HIS EMBARRASSMENT AS A RESULT OF BEING CAUGHT UNAWARE BY EXPROPRIATION WHILE ON GOP BUSINESS IN EUROPE. ARIAS TACITLY AGREED WITH FUTILITY OF MARCONA'S TAKING RECOURSE TO THE JUDICIAL SYSTEM AND COMMENTED THAT HE SAW LITTLE HOPE THAT MATTER WOULD BE QUICKLY RESOLVED BY NEGOTIATION BETWEEN RUIZ ELDREDGE COMMISSION AND COMPANY. GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS WERE CLEARLY CALLED FOR IN HIS OPINION.

4. COMMENT: ARIAS' OBSERVATION IS INTERESTING, ALTHOUGH IT IS UNCLEAR WHETHER IT IS A PERSONAL VIEW OR REFLECTS AN OPINION SHARED BY OTHER SENIOR GOP OFFICIALS. ALTHOUGH IN OUR VIEW TIME IS NOT YET RIPE FOR GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS, THIS STAGE MAY BE APPROACHING. IF THIS POINT IS REACHED, IT MAY BE HELPFUL IF SUCH NEGOTIATIONS APPEAR TO BE AT INITIATIVE OF GOP. ON THE OTHER HAND, SENIOR OFFICIALS SUCH AS ARIAS MAY REASON THAT USG MAY BE MORE SUSCEPTIBLE TO PRESSURES (E.G., ANXIETY TO MAINTAIN GOOD RELATIONS WITH MORALES BERMUDEZ GOVERNMENT, ETC.) THAN MARCONA AND WILL BE EASIER TO DEAL WITH.

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